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RUEHSG/AMEMBASSY SANTIAGO 1811  
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RUEHRI/AMCONSUL RIO DE JANEIRO 7311  
RUEHRG/AMCONSUL RECIFE 3053  
RHEHNSC/NSC WASHDC  
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UNCLAS SECTION 01 OF 03 SAO PAULO 000810

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STATE PASS USTR FOR MSULLIVAN  
STATE PASS EXIMBANK  
STATE PASS OPIC FOR MORONESE, RIVERA, MERVENNE  
NSC FOR FEARS  
USDOC FOR 4332/ITA/MAC/WH/OLAC/JANDERSEN/ADRISCOLL/MWAR D  
USDOC FOR 3134/USFCS/OIO/WH/SHUPKA  
TREASURY FOR OASIA, DAS LEE AND DDOUGLASS  
DOL FOR ILAB MMITTELHAUSER  
SOUTHCOM ALSO FOR POLAD  
USAID/W FOR LAC/AA

E.O. 12958: N/A

TAGS: PGOV PREL PINR ECON EAGR BR  
SUBJECT: IMPROVING POLL NUMBERS BUOY OPTIMISM OF ALCKMIN'S CAMPAIGN COORDINATOR

REF: (A) BRASILIA 1441; (B) SAO PAULO 734;

(C) SAO PAULO 647

SENSITIVE BUT UNCLASSIFIED - PLEASE PROTECT ACCORDINGLY

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SUMMARY  
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¶11. (SBU) Opposition presidential candidate Geraldo Alckmin's campaign coordinator told Consul General that the campaign is coming together well and that support for Alckmin is growing, as reflected in recent polls. Joao Carlos Meirelles said that critical alliances at the state level are firming up. The campaign will publish its comprehensive platform and government program on August 9 and then flood the airwaves when the period of free radio and television advertising begins August 15. Meirelles acknowledged that social programs like "Bolsa Familia" give President Lula an advantage among lower-class voters but believes Lula also has significant vulnerabilities, notably among farmers hurt by the Lula administration's agricultural policies. The election, he said, will go to a second round, in which "voters don't choose a person, they reject a person," and Lula's high negatives will doom him. This optimistic scenario is only to be expected from Meirelles, who was talking positively even back at the beginning of June (ref C), when Lula's lead in the polls exceeded 25 points, but he is likely correct in predicting that Alckmin will narrow the gap between now and the October 1 first-round balloting, and that the second round opens up new possibilities. END SUMMARY.

¶12. (U) Consul General (CG) and Poloff met July 27 with Joao Carlos de Souza Meirelles, overall campaign coordinator for opposition candidate Geraldo Alckmin (see ref C). Meirelles said the campaign

was going very well and repeated some of his observations from our previous meeting with him. The polls, he reiterated, are merely exercises in name recognition, and Lula's name is universally known in Brazil, especially because of the constant media exposure he has received in recent months. In that context, the improvement in Alckmin's numbers -- in early June, polls showed him trailing by 25-30 points; now it's closer to 15 -- is surprising and encouraging. Meirelles estimated that perhaps 40 percent of the population nationwide now knows who Alckmin is, with much work remaining to be done in the northeastern and the center-west regions.

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ALLIANCES  
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13. (SBU) Meirelles described the consolidation of alliances at the state level, which he said will be key to electoral success. Alckmin's Social Democracy Party of Brazil (PSDB) is allied with the Liberal Front Party (PFL) and the smaller Popular Socialist Party (PPS). The alliance is particularly strong in the densely populated south and much of the southeast. In some states - he mentioned Santa Catarina as an example - they have an ad hoc alliance with the centrist Brazilian Democratic Movement Party (PMDB). Meirelles acknowledged problems in certain states, notably Maranhao in the northeast and Rio de Janeiro. Nevertheless, he contrasted the alliance's strength with Lula's coalition, which in addition to Lula's Workers Party (Partido dos Trabalhadores - PT) includes only the Communists and the small Brazilian Republican Party (PRB) of Vice President Alencar. The PT was not even able to bring its traditional Socialist allies on board. While Lula himself is broadly popular, Meirelles said, his own party is not particularly strong even in the northeast ("only one governorship, in Piaui, and they might not hold that"), and his alliance is not likely to be

SAO PAULO 00000810 002 OF 003

able to deliver votes, especially with his own party's image so badly tarnished by scandal.

14. (SBU) On or about August 9, the campaign will publish its comprehensive platform and governing program, covering some thirteen areas (e.g., health, education, macroeconomy, telecommunications, foreign policy). Thirteen working groups have been developing the program for months; since late June, when the alliance was formalized, PFL and PPS representatives have been participating in the working groups as well. Alckmin delivered an abbreviated version of the government program in his June 11 speech accepting the PSDB nomination (ref B), but the platform will describe in detail how his government will achieve its objectives. Many elements of the program will be featured in the free radio and television advertising spots that begin August 15 and run through the rest of the campaign. It is also safe to assume, Meirelles said, that these spots will target corruption in the Lula administration (the "mensalao" scandal) as well as what he characterized as incompetence and "immobilism."

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SOCIAL PROGRAMS  
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15. (SBU) CG asked how the Alckmin campaign planned to counteract Lula's advantage in the northeast generated in large part by social programs, especially "Bolsa Familia." This government stipend program now reaches more than eleven million poor families, many of them in the impoverished northeast; numerous pollsters and political analysts have asserted that Lula can count on the votes of Bolsa Familia recipients, as well as those who have benefited from the sharp increase in the minimum wage. Meirelles noted that Bolsa Familia was a PSDB program, begun during the administration of Fernando Henrique Cardoso (FHC), which the PSDB still supports. He expressed the view that the population that benefits from the program is volatile in its voting habits and will not base its vote solely on its receiving a handout from the federal government. He noted further that on August 4, the Alckmin campaign has planned an event in Recife unveiling a program for a new northeast, highlighting its plans for investment in the region. Finally, he

stressed the key role of municipalities, especially Mayors, in administering the Bolsa Familia program, and suggested that local alliances may prove more important than the federal government's role in determining voter preferences. Ultimately, he acknowledged, Lula would likely defeat Alckmin in the northeast, but not by nearly as wide a margin as polls currently suggest, while Alckmin held a large advantage in the south and southeast. Alckmin not only still enjoys strong popularity in the most populous state, Sao Paulo, but will benefit from a strong gubernatorial candidate in Jose Serra. Likewise, in the second most populous state, Minas Gerais, he will benefit from the coattails of PSDB leader Aecio Neves, who appears a shoo-in for re-election AS Governor. Alckmin would likely run well in the rural Center-West as well, he said, where "policy errors committed by the Lula administration" had led to an agricultural crisis. On the other hand, Meirelles acknowledged problems in the populous state of Rio de Janeiro which would need to be addressed in order to boost Alckmin's votes there.

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LULA'S POSSIBLE VULNERABILITIES  
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¶6. (SBU) Asked about the impact on the campaign of third-party candidate Heloisa Helena (who got about ten percent in recent polls), Meirelles said it was good for Alckmin. A leftist who had been expelled from the PT, she would take some votes away from Lula and would gain other votes that otherwise would have been null or

SAO PAULO 00000810 003 OF 003

blank. CG asked also about the role of Lula's former Chief of Staff, Jose Dirceu, who recently met with the Landless Movement (MST). Meirelles said that having an individual like Dirceu, who had resigned from government in disgrace and then been expelled from Congress and deprived of his political rights, representing the ruling party in these core social movements, created a very bad image. He also claimed that at the recent Mercosul Summit in Cordoba, Argentina, Fidel Castro and Hugo Chavez had expressed support for Lula's re-election. This, he said, was like Chavez's support for Humala in Peru and Lopez Obrador in Mexico, something that was likely to boomerang on Lula, and certainly something the opposition was going to take advantage of at the opportune moment.

¶7. (SBU) The bottom line for Meirelles was that Lula will win the first round, though not by an exceedingly wide margin. In the October 29 runoff, he said, Alckmin will have the advantage, because "in the second round, you don't choose a person, you reject a person," and Lula is known to have high negative numbers.

¶8. (SBU) Asked if former President Cardoso (FHC) would be campaigning for Alckmin, Meirelles said that had not yet been decided. The Lula campaign was trying to portray the Alckmin campaign as a throwback to the FHC years, and the candidate and strategists wanted to wait to see whether it looked like FHC would be more an asset than a liability.

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COMMENT  
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¶9. (SBU) For Meirelles to talk optimistically is to be expected; nevertheless, much of what he says makes sense. Lula, who does indeed have high rejection numbers, may well have hit his ceiling, and Alckmin is certainly moving up, though he still has a long way to go. The Alckmin campaign does appear to be running much better than it was a month ago, and although Lula remains popular, he does have vulnerabilities. Assuming the election does go to a second round, as appears likely, Lula may still be the favorite, but his victory would by no means be a sure thing. END COMMENT.

¶10. (U) This cable was coordinated with Embassy Brasilia.

MCMULLEN